

Message Text

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70

ACTION ARA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-02 PRS-01 SP-02 SS-15 USIA-15 AID-05

IO-10 EB-07 CIEP-02 TRSE-00 STR-04 OMB-01 CEA-01

COME-00 FRB-01 XMB-04 OPIC-06 LAB-04 SIL-01 AGR-10

TAR-01 /124 W

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R 311351Z DEC 75

FM AMEMBASSY MONTEVIDEO

TO SECSTATE WASHDC 384

INFO AMEMBASSY ASUNCION

AMEMBASSY BOGOTA

AMEMBASSY BRASILIA

AMEMBASSY BUENOS AIRES

AMEMBASSY CARACAS

AMEMBASSY LA PAZ

AMEMBASSY LIMA

AMEMBASSY MEXICO

AMEMBASSY QUITO

AMEMBASSY SANTIAGO

UNCLAS MONTEVIDEO 4452

E.O. 11652: NJ

TAGS: LAFTA, ECIN

SUBJ: LAFTA FIFTEENTH ANNUAL CONFERENCE QUIETLY

ENDS

REF: MONTEVIDEO A-152

1. LAFTA'S 15TH ANNUAL CONFERENCE OF THE CONTRACTING
PARTIES ENDED UNSUCCESSFULLY DEC 17. CLOSING DATE
WAS EXTENDED THREE TIMES FROM DEC 5 IN AN ATTEMPT
TO AVOID WHAT ONE DELEGATE CALLED AN EXTREMELY POOR SHOWING".
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2. TEN RESOLUTIONS, ALL BUT ONE ROUTINE OR OF MINOR IMPORTANCE, WERE APPROVED BY THE CONFERENCE. OF INTEREST IS RESOLUTION NO 354 BY WHICH LAFTA GAVE URUGUAY AUTHORIZATION TO GRANT TARIFF CONCESSIONS TO ARGENTINA AND BRAZIL WITHOUT EXTENDING THOSE BENEFITS TO OTHER LAFTA MEMBERS. THIS AUTHORIZATION WILL REMAIN VALID UNTIL SUCH TIME AS THE LAFTA COUNCIL OF FOREIGN MINISTERS MEETS, WHEN IT MAY BE CONSIDERED AGAIN. (COMMENT: AS DEPARTMENT WILL RECALL-MVD A-42-ARGENTINA GRANTED NON-EXTENSIVE BENEFITS TO URUGUAY IN A BILATERAL TREATY APPROVED LAST YEAR. TREATY CALLED FOR URUGUAY TO ALSO GRANT DUTY-FREE TARIFF TREATMENT TO ARGENTINA ON A LIST OF PRODUCTS STARTING JANUARY 1, 1976. URUGUAY AND ARGENTINA, HOWEVER, HAVE HELD OFF NEGOTIATING URUGUAYAN CONCESSIONS UNTIL A MECHANISM WAS FOUND TO SATISFY LAFTA (AND GATT) REQUIREMENTS. RESOLUTION NO 354 IS APPARENTLY TO BE THAT MECHANISM. THE GATT ASPECT REMAINS TO BE RESOLVED. A SIMILAR TREATY IS UNDER NEGOTIATION WITH BRAZIL. END COMMENT).

3. ONE NEW COMPLEMENTATION AGREEMENT WAS NEGOTIATED IN THE CHEMICAL SECTOR BY ARGENTINA, BRAZIL, CHILE, MEXICO AND URUGUAY. THIS AGREEMENT, NO 21, LISTS 166 PRODUCTS, 30 OF WHICH HAVE RECEIVED TARIFF CONCESSIONS. THE 10 RESOLUTIONS AND THE COMPLEMENTATION AGREEMENT WILL BE FORWARDED BY AIRGRAM.

4. ALTHOUGH ONE OF THE MAIN THEMES OF THE CONFERENCE WAS CONSIDERATION OF THE FOUR ROUNDS OF COLLECTIVE NEGOTIATIONS (MVD A-123), NO AGREEMENT WAS REACHED ON THE VARIOUS PROPOSALS. NEITHER IS THERE ANY INDICATION OF WHAT THE NEXT STEP WILL BE IN THE CONTINUING ATTEMPT TO RESTRUCTURE AND REVITALIZE THE ORGANIZATION. SOME DELEGATES BELIEVE THE ISSUE WILL HAVE TO BE CONSIDERED BY AN EVENTUAL MEETING OF THE FOREIGN MINISTERS.

5. FIVE DRAFT RESOLUTIONS, GROWING OUT OF THE COLLECTIVE NEGOTIATIONS, WERE PRESENTED TO THE CONFERENCE FOR ITS DECISION. FOUR WERE SPONSORED BY THE ANDEAN GROUP. IN GENERAL THESE RESOLUTIONS WOULD HAVE OPENED THE LARGER MARKETS TO THE LESSER DEVELOPED COUNTRIES AND ALLOWED THE

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ANDEAN GROUP TO WITHDRAW PREVIOUSLY GRANTED CONCESSIONS. BRAZIL WAS NOT

PREPARED TO ACCEPT MANY ASPECTS OF THE FOUR DRAFT RESOLUTIONS. MEXICO REPORTEDLY WISHED TO SEE ALL ADOPTED WITHOUT CHANGES, AND WHEN THIS PROVED IMPOSSIBLE, OPTED TO OPPOSE ALSO. JOINED BY ARGENTINA AND PARAGUAY, THE RESOLUTIONS DID NOT RECEIVE NECESSARY TWO-THIRDS AFFIRMATIVE VOTE. THE FOUR COUNTRIES IN OPPOSITION ABSTAINED, AVOIDING THE ONUS

OF CASTING NEGATIVE VOTES. THE FIFTH RESOLUTION WAS PROPOSED BY URUGUAY AND WOULD HAVE AMPLIFIED BENEFITS PREVIOUSLY GRANTED IT AS A 'LESS DEVELOPED' COUNTRY. THE ANDEAN GROUP REFUSED TO SUPPORT THIS RESOLUTION AS THEY CONSIDERED IT FORMED PART OF THE COLLECTIVE NEGOTIATIONS. URUGUAY THEREUPON WITHDREW THE RESOLUTION.

6. THE CONFERENCE DID NOT RECOMMEND THAT THE PERMANENT EXECUTIVE COMMITTEE CONVOKE THE COUNCIL OF FOREIGN MINISTERS, NOW THE HIGHEST LAFTA ORGANISM (MONTEVIDEO A-118). THE EMBASSY UNDERSTANDS THAT MEXICO, SUPPORTED BY BRAZIL AND URUGUAY, WISHED TO CALL THE COUNCIL TO MEET BEFORE MID-1976, BUT THE ANDEAN GROUP DID NOT SUPPORT THIS INITIATIVE.

7. COMMENT: WHILE URUGUAY IS PLEASED WITH RESOLUTION NO. 354, THERE IS LITTLE ELSE THAT HAPPENED AT THE CONFERENCE AND NOTHING TO INDICATE THAT WVFTA HAS RESOLVED ITS CONTINUING MALAISE. THE CONSENSUS THAT WAS NOT REACHED DURING THE FOUR ROUNDS OF COLLECTIVE NEGOTIATIONS WAS NOT ACHIEVED AT MONTEVIDEO EITHER. THE SAME BASIC PROBLEMS REMAIN. TO BE NOTED IS THAT FOR THE FIRST TIME, THE ANDEAN GROUP ACTED WITHOUT EXCEPTION AS A UNIFIED BLOC.
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